RAJYA SABHA

Wednesday, the 24th August, 1994 / 2 Bhadra, 1916 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Reviving the concept of "New International Economic Order"

*421. SHRI E. BALANANDAN: Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether diplomatic initiative is being aken to revive the concept of ""New international Economic Order" as a major global issue: and

(b) whether efforts are being made by Government in cooperation with other Third World Countries to introduce a similar resolution in the United Nations?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI SALMAN KHURSHEED): (a) and (b) A statement is laid on the Table of the House.

Statement

India has consistently stood for an enduring international economic order based on justice and equity. The initiatives undertaken in this regard include the message addressed by India on behalf of the Summit Level Group on South-South Consultation and Cooperation (G-15) to the G-7 Summit meeting held in Tokyo last year. The rationale for a North-South partnership and dialogue on international economic issue was reasserted at the G-15 Summit hostged by India at New Delhi in March this year.

International economic cooperation is likely to be discussed further in the context of the "Agenda for Development" which will be presented by the UN Secretary General to the General Assembly of the United Nations at the 49th Session later this year. India has sought to ve the priorities of the developing countries tably reflected in the UN's Agenda for elopment. We hve argued that the Agenda Development should be action oriented, targetting key economic sectors such as trade, debt alleviation, concessional financial flows, etc. in order to foster accelerated economic growth, particularly in developing countries. These views were reflected by us, inter alia, at the recently concluded High Level Segment of ECOSOC, where the Agenda for Development was discussed.

Should a resolution on a New International Economic Order be taken up for consideration at the forthcoming session of the United Nations General Assembly, our position will be decided in the light of the actual deliberations on issues of economic development and keeping in mind the views of fellow developing countries.

SHRI E. BALANANDAN: Sir, I have carefully gone through the statement. It does not reflect the actual realities of the world today. Therefore, I have to put a supplementary to the Minister in order to get a positive answer from him.

The "New International Economic Order" was a major global issue 1970 to 1975. The third world countries wanted a drastic remission of the debts under which they were suffering etc., on which a resolution was passed by the U.N. General Assembly in 1975. This concept was further elaborated by the First Conference of the Third World Economists held at Algiers in 1975, in which several policy-lines were adopted. I am not going to elaborate them.

What are the present day realities? The present day realities are, the debt of the third world countries is on the increase, alarmingly on the increase. The debt of the third world countries in 1992 was.....

MR. CHAIRMAN: Kindly frame your question. The introduction is long enough.

SHRI E. BALANANDAN: I will be very brief, Sir.

The debt in 1992 was $166 billion. In 1993 it was $177 billion. Today the third world countries which are called ""southern countries", are being exploited more than they were exploited in 1975. That has increased. The developed world, which is only 14 per cent of the world's population is now using more than 40 per cent of the world economic might, while 75 per cent of the world population gets only 14 per cent.

MR. CHAIRMAN: So, what is the question?

SHRI E. BALANANDAN: Therefore, the question is that the Government of India being one of the third world countries, has to mobilise the third world countries for getting justice for the third world. So, the Government of India should take initiative to mobilise the third world countries to demand that steps should be taken for the reduction of the third world debts. The unequal trade that is now going on has also to be brought on an equal footing. The United Nations itself is being taken for granted by the United States and it is using its military might for interfering with the affairs of the weaker nations of the world. therefore, will the Government take steps to mobilise the third world with a concrete plan like this to get justice for the third world, especially in the new economic world order. Will the Government of India take initiative? This is my first supplementary.

SHRI SALMAN KHURSHEED: Sit, I am very obliged to the hon. Member for raising a concern on which there is a consensus not only in the country, but also in a large number of third world countries. The new international economic order as reflected in the Resolution of 1974 is not in the manner in which we would be able to proceed, because the global negotiations which were then envisaged did not early take place. However, several initiatves have been taken at the international level and within the United Nations by the third world countries, including India, including the initiative that we have taken in a dialogue with the G-15 and G-7 to find an appropriate way in which India's and world's concern about the debt relief and financial capital flows to the third world countries is eased and about an equitable playing field in the commerce of the third world countries is established. In this context, I would like to bring to the hon. Member's notice that the agenda for development, which is now being worked out and negotiated for the purpose of the special summit to take place some time next year will become the basis of honourable on the kind of economic system which will provide equitable relief to the third world counties and also would lead to a sustainable development in the years to come.

SHRI E. BALANANDAN: Will the Government take an initiative to move a Resolution in the august House requesting the developed countries of the North to give up the debt libilities pending provided the country has paid as interest the amount equal to the principal?

SHRI SALMAN KHURSHEED: Whatever is progmmatically possible in the field on debt relief for the third world countries, especially the poorest of the third world countries, is something on which India will always be ready to take initiatives. It will take the initiate in not just getting debt relief, but also in increasing the capital flows which is also important. In the ECOSOC meeting we have been pushing for these issues and we hope that, in future, in cooperation with other third world countries, we will make a greater impact on the issue.

SHRI S. VIDUTHALAI VIRUMBI: He has not replied to the hon. Member's question. He asked.....

MR. CHAIRMAN: Whether he will table a Resolution on the subject.

SHRI SALMAN KHURSHEED: Whatever is the wish of all the hon. Members of Parliament in supporting Government policies on this issue will alwayas be welcome.

SHRI INDER KUMAR GUJRAL: Mr. Chairman, Sir, I have seen the statement of the hon. Minister. I have sympathy for the Government because of the difficulties that it is facing. The balance of power is tilting in such a way that the Third World countries, specifically India are not in a position to push ahead the New Economic Order. The order that we are now faced with has been spelt out and I hope that the Minister had seen it. In a recently issued document, "National Security Strategy for Engagement and Enlargement of American Interests", they have spelt out their New Economic Order. Under the Chapter, "Economy" it has clearly set out, "Opening of markets, exploiting the markets, getting forced entry as a part of the security of America for which no means will be spared." I would like to know whether the Minister is aware of this document.

The Minister in his statement, para 3, says: "Should a resolution on a New International Economic Order be taken up for consideration at the forthcoming session of the United Nations General Assembly....." This is a very passive statement. Is he going to take active interest to sponsor a resolution in the United Nations? We should not only try to revive the spirit of the original resolution but also point out our concern on the recently issued document which consists of 45 pages. It is a long document. I do not want to read it out. But there is hardly a para which does not concern us intimately, security-wise, military-wise and economy-wise. Will the hon. Minister take into confidence and tell us whether he has reacted to that document? Has he pointed out to them that the Third World countries like India are adversely affected by this outlook and approach?

SHRI SALMAN KHURSHEED: Mr. Chairman, Sir, we are constantly responding to the position taken by different developed countries on this issue. I am sure the hon. Member would like to hear our opinion on the Human development report than on the document which he has referred to.

SHRI INDER KUMAR GUJRAL: I am talking about the document, "National Security Strategy for Engagement and Enlargement of American Interests". I am not referring to the other document.

SHRI SALMAN KHURSHED: This is a policy paper of the United States Government, the notice for the New Economic Order on which only inputs from every Government are important. To that extent, this document is important. But we are looking at it in a global perspective as the inputs provided by the developed countries including the United States to find their way into the decisions and policy papers prepared in the United Nations. The Human Development Report prepared by the UNDP reflects some or similar thinking which the hon. Member was talking about. We have already responded to this. We will be able to bring before the Parliament very soon, India's paper which will give adequate response and replies to the issues that have been raised in the paper and which the hon. Member was talking about.

SHRI INDER KUMAR GUJRAL: Mr. Chairman, Sir, I am very fond of the Minister. I always appreciate his efficiency and his intellectual ability. I treat him like a very fond member of my family. But the difficultry is that he has not given adequate attention to this document. This document is of grave interest to us. I say, gravity. I would not like to take the time of the House to read this document, because it is a comprehensive document, particularly, the chapter "Economy". It says, "They are opening up the markets, entering into services, intering into agriculture and everywhere with one objective, prosperity of America."

The New Economic Order was a shared prosperity of the world. It claims in the document that it is the most mighty power. Unabashedly they say, "We are the strongest power in the world. So, the world would be ordered accordingly." Why doesn't the Minister take an initiative in the next session of the United Nations to table a resolution so that his delegation would be in a position to point out to the world, how we in the Third World are at the mercy of a mighty military power which is most arrogant and assertive?

SHRI SALMAN KHURSHEED: Mr. Chairman, Sir, as far as bilateral interaction with the United States on its policy is concerned, it will take place at the bilateral level. These very issues are reflected at the global level. The initiative will be taken by India to reflect the issues on any paper produced before the General Assembly in a proper perspective. And whatever is necessary to bring before the membership of the General Assembly, we will do.

SHRI PRAKASH YASHWANT AMBEDKAR: We are talking of the interests of the third world in the international economic order. Recently, nearly a week ago, there was a ban on the use of Indian chiffon skirts. Yesterday, there was a programme on the television in which two things were compared, an American fabric and an Indian fabric. And it was clearly pointed out that the American

fabric was much safer than the Indian fabric. The way in which it was put up on the television and the publicity given was totally from one angle, that is, the commercial angle. I know that. But when we are talking about the new order, I would like to know from the Minister whether they would give up that commercial angle. Today, they have identified this item. Tomorrow, they will identify other items and it may go on like that. I would like to know whether there is a move to honour Indian products. If it is so, has the Ministry of External Affairs taken up the matter with the American Ambassador in India or with the Government of the United States?

SHRI SALMAN KHURSHEED: Sir, I can assure the hon. Member that the new international economic order cannot come about without the Indian skirt finding its place in the U.S. markets. We raised the issue with the American Government. As far as we understand, the issue does not concern commerce and trade. The issue concerns safety regulations. We are already in touch with them. I have spoken to the American Ambassador personally and he has assured us that he will convey our concern to the U.S. Government.

SHRI SATISH AGARWAL: Mr. Chairman, Sir, the hon. Minister has stated in his statement, "India has consistently stood for an enduring international economic order based on justice and equity". Furthermore, he has stated, "India has sought to have the priorities of the developing countries suitably reflected in the UN Agenda for Development." He has also said that it would include debt alleviation. Now, Mr. Chairman, I would like to ask the hon. Minister whether, for establishing a just and equitable economic order, when a resolution comes up for discussion in the U.N. General Assembly, he will take up the question of the inequitable, highly discriminatory, unjust and unwarranted exchange rate determination mechanism, whereby, according to the UNDP report, the value of the dollar in India is Rs. 10.50. I wrote a letter to the Finance Minister in this regard. The Finance Minister, in his reply to my letter, dated June 16, 1994, has said, "If purchasing power parity rate where the value of the dollar is equivalent to Rs. 10.50 as suggested is used for foreign exchange transactions, then our exports will suffer. A much greater volume of exports will be encouraged, the flow of foreign investments will be adversely affected and our balance of payments will deteriorate fast." The only argument given by the Finance Minister is that it will affect adversely our exports. I share that concern. But the present, existing, exchange rate determination mechanism which has been deveoped and which is in vogue on account of the developed countries, is exploitative of the whole developing countries as such. If you look at the figures in the UNDP report, the value of the dollar is equivalent to Rs.10.50. The debt burden goes up. We have got hundreds of billions of dollars to pay the foreign countries. It comes to Rs.Three lakh crores. Supposing.....

MR. CHAIRMAN: Will you put your question?

SHRI SATISH AGARWAL: My question is whether the Minister will take up this issue of the unjust exchange rate mechanism which is exploitative of the developing countries by the developed countries.

SHRI SALMAN KHURSHEED: Sir, without actually encroaching upon the areas which really belong to the jurisdiction of the Finance Minister, I would like to assure the hon. Member that at the High Level Segment of ECOSOC where the Agenda for Development of the U.N. Secretary- General was discussed, these issues were raised specifically by us. Even in the interaction dialogue with the IMF the World Bank and the High Level Segment, the issue of exchange regulation and the issue of relationship with the Brettonwoods Institutions are part of our concern. We will pursue it diligently and we hope that we will have some success in this.

SHRI G.G. SWELL: Sir, this discussion, to me, appears to be out of line after GATT to which we have subscribed. How do you manage this question and how do you go? There is the World Trade Organisation. If there is any problem, that is the forum for you. Now, the only thing I can see is that the Minister and the Government should try to organise the strength of the developing countries and the developed countries within the WTO and see that certain things which come in the way are solved so that if will serve the interest of our economy.

SHRI SALMAN KHURSHEED: I would like to inform the hon. member that the WTO will come into existence on 1st January and we certainly are prepared to put our cases and advocate as strongly as possible.

SHRI VAYALAR RAVI: Sir, the international economic order leads to an international economic order of exploitation of the thrid world. Sir, I appreciate that you argue that the agenda for development should be action- oriented, especially on the economic sector, the debt reduction and financial growth. In this connection, concessional financial flow has been controlled by the international financial institutions like the IMF and the World Bank which compel countries like India to go before multi- nationals by cancelling the laws in the name of infrastructure development. That is the latest report of the World Bank. In that process, to what extent and through what measure and what modus operandi do you think you can mobilise support of the third world and resist the trend of exploitation by the developed countries?

SHRI SALMAN KHURSHEED: Sir, we are constantly in touch with all the thrid world members. I might add the information that all the third world members face similar problems and sometimes the perception of the problems does vary which is the reason why specific areas are concerned upon and worked upon in specific forums. In the G-15, we tried to take up certain issues that reflected general concerns and in the larger, broader forums like G-77 we took up other developments.

श्री चतुरानन मिश्र: सभापति महोदय, जब न्यू इकोनोमिक आर्डर बना था उस वक्त में सोवियत यूनियन था और दुनिया में दूसरी परिस्थिति थी। भारत थर्ड वर्ल्ड के देशों का एक नेतृत्व करता था। अभी यह संदेश गया है कि ये सभी बैगर हैं और भारत के बारे में भी है कि यह तो बैगिंग कर रहे हैं। अब ये नेतृत्व क्या करेंगे। इसीलिए जब जी-7 की मीटिंग आप बुलाते हैं तो उसमें 15 की बजाय 6 आदमी लास्ट में आए हैं और पहले तो आपको मीटिंग कैंसल करनी है, तो मैं दो बिंदुओं पर गवर्नमेंट से सफाई चाहता हूं। यह जो संदेशा सारे देश में गया है कि भारत भी जब पिछलगुआ बन गया है, अब नेतृत्व नहीं करेगा, इसको बचाने के लिए हमारी सरकार क्या करना चाहती है? दूसरा निवेदन न्यू इकोनोमिक आर्डर को उस वक्त जो लोग लिखे थे उसमें हमारे मनमोहन सिंह जी थे एक रिपोर्ट लिखने में, अब वह दूसरी रिपोर्ट लिख रहे हैं, आपको भी मालूम है अब दूसरी रिपोर्ट है, आपने चर्चा की है कि कंसैशनल फाइनांशेल फ्लोज के लिए आप लड़ेंगे और एनगॉन को 16 परसेंट करके देते हैं तो इसीलिए हमको यह बताइये कि क्या यह न्यू इकोनोमिक आर्डर में सर्टेन री-ओरिएंटेशन की जरूरत है? अगर है तो भारत इसका नेतृत्व लेकर करेगा? दो बिंदुओं पर हम चाहते हैं कि भारत की प्रतिष्ठा की जो हानि हो गई है उसको बचाने के लिए आप क्या कर रहे हैं और यह स्थिति जो उत्पन्न हो गई है इसके लिए आप क्या करने जा रहे हैं, यह बताइये?

श्री सलमान खुर्शीद: महोदय, जो माननीय सदस्य ने कहा कि भारत की प्रतिष्ठा की हानि हुई है या उसको ठेस लगी है, मैं इस बात से सहमत नहीं हूं। भारत का चरित्र और भारत का स्थान अभी भी विश्व में हर जगह बहुत ऊंचा माना जाता है। भारत तीसरी दुनिया का नेतृत्व इस मामले में कर रहा है और हमारे माननीय सदस्य बाहर जायेंगे तो उनको पता लगेगा कि भारत अभी भी बहुत शक्तिशाली रूप से नेतृत्व कर रहा है। रही बात नई आर्थिक व्यवस्था की, नई आर्थिक व्यवस्था जो है पूरे विश्व के हालात को देखते हुए, स्थिति को देखते हुए बदलनी पड़ती है, बदली जा रही है, लेकिन उसमें जो हमारे इंटरेस्ट है, जो भारत का निजी हित है, उसको हमेशा आगे रखा जाएगा अर उस हित के साथ साथ जो थर्ड वर्ल्ड, तीसरी दुनियां का हित है उसको भी पूरी तरह से सामने रखा जाएगा। अगर हम आपस में इस देश में इस बात पर विवाद न करें और एक ही आवाज में, एक ही ध्वनि से बोलें तो भारत की प्रतिष्ठा में और चार चांद लग जाएंगे।

SHRI CHATURANAN MISHRA: The point has not been made clear. I wanted to know whether any reorientation is needed for the New International Economic Order or not. what are you thinking of it and how is the Government of India taking a lead in mobilising the world particularly the third world countries? Can you do it? It requires another Nehru. Mr. Minister. It is not a simple thing. Have you go it? Please listen to the question and then answer it.

SHRI SALMAN KHURSHEED: I am very greateful to the hon. Member for suggesting a search for another Nehru. With the support of people like the hon. Member this country will produce many Jawaharlal Nehrus, not just one.

As far a reorientation is concerned, I want to reassure the Member that whatever

reorientation is necessary for protecting the interests of the third world countries and the developing, countries, we will always be firm. India is already striving to ensure that this is reflected in the Social Summit that takes place next year.

SHRI BIPLAB DASGUPTA. Sir, we have lost a great deal of valuable time. This New International Economic Resolution was passed by the United Nations in 1974 and from 1974, I should say until 1986 or 1987, that was the most dominant economic forum in the international arena. From 1987 we have suffered a great deal of setback. At that time we were talking bout G-77, Group-77 Countries. Now we are talking of G-15. even that G-15 cannot come together to bargain with the rich countries. But now we have been talking about the New International Economic Order. Except the Indian Government nobody else talks about this New International Economic Order. Now the Government should think of the world order to which Shri Gujral referred a few minutes back. In the sixties and seventies the main demand of the third world countries was independent, sustainable development, for favourable terms of trade, for technology transfer which will also be within the third world countries, because the rich countries never give them the tecnology. The rich countries use technology for controlling the multinationals who encroach upon the sovereignty of the third world countries and try to control their natural resources...

MR. CHAIRMAN: Please frame your question so that the Minister can answer it.

SHRI BIPLAB DASGUPTA: Sir, my question is whether as a first step towards consolidation of the third world countries against the South block which has been deflated by GATT and other things, the Government is considering formation of a similar economic bloc with the South Asian countries, if possible, and later also with as many other Asian countries as possible because all the rich countries have built formidable economic blocs...

MR. CHAIRMAN: All Members know it. If you want to elicit an answer, please put a question.

SHRI BIPLAB DASGUPTA: Whether any step has been taken towards the formation of such economic bloc to counter other such blocs?

SHRI SALMAN KHURSHEED: The hon. member is very well aware that we have made a beginning with regional cooperation in the SAARC region with SAPTA. We are now in the process of exchanging a list of items for preferential teriffs and for market-access in the SAARC region. But beyond this if the hon. Member believes that a larger economic cooperation is necessary, only time will tell us whether that will be possible or not. A lot of geographical, economic and geopolitical situations contribute to the coming together of economic groupings as they have, in different parts of the world. But that is only a matter of time and process of development that throw up these economic blocs.

Corruption in Passport Offices

*422. *SHRI PRAMOD MAHAJAN:†*
SHRI VIREN J. SHAH:

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether Government have received any representation about the fradulent misdemeanour of a person who fleeced a number of innocent persons of large amount to the tune of lakhs of rupees by assuring them to arrange their travel papers viz. passports and visas for U.S.A.:

(b) if so, what are the details in this regard and the number of such cases of fraud which have come to Government's notice.

(c) what action has been taken against such persons;

(d) whether any complaints about corruption in Passport Offices, particularly in Patiala House. New Delhi, Chandigarh and Jalandhar have come to Government's notice;

(e) if so, what are the details in this regard; and

(f) what steps Government have taken or propose to take to check the corruption in Passport Offices, streamline the procedure for the issue of passport, modify the procedure of police verification and ban the entry of

†The Question was actually asked on the floor of the House by Shri Pramod Mahajan.